

Long Range Planning Committee
GCWSD Hearing presentation
Monday January 19, 10:45 AM
Helena, MT

EXHIBIT 5
DATE Jan 19, 09
HB 6

I would like to thank the members of this committee for listening to my testimony this morning.

My name is Timber Stevens. I am President of the Greenacres County Water & Sewer District. The purpose of our grant request is to reduce the amount of the loan that will be required to cover the cost of necessary repairs and upgrades to our water system. Our goal is to be able to provide the District residents clean water in a reliable, efficient manner and at a reasonable cost.

The Greenacres County Water & Sewer District is located southeast of the Kalispell City limits. The District serves 163 residential water accounts. The operation and maintenance of the water system is 100% funded by those 163 accounts. Since less than half of the residences are metered, residents are currently billed using a flat rate. The opportunity for increasing revenues is limited, only one lot in the District hasn't been developed, which, is the side yard of one of the existing homes. The development of this low to moderate income subdivision was started in the early 70s and was built out in phases. The water system was designed during the first phase and expanded twice to incorporate the additional homes as they were built. Three wells and approximately 12, 400 lineal feet of transmission mains currently serve the District.

During our last 3 major leak repairs, the District has found that the developer had used poor construction practices, and had used minimum or improper construction materials. For example, one leak we repaired had a low pressure sewer junction instead of the proper high pressure water junction.

Other deficiencies include:

1. No existing flushing structures;
2. Inadequate storage in two of the three pump house facilities;
3. Structural and functional problems relating to pump house #2;
4. No existing control and communication system between the pump houses;
5. Sixty five inoperable curb stops;
6. Ten inoperable main valves;
7. No backup power source; and
8. The majority of our water system users are not metered

For this grant application, the following work will be completed:

1. Install a control and communication system linking the three pump house facilities
2. Install adequate storage in pump house #2 and #3;
3. Rehabilitation and expansion of pump house #2;
4. Replace 10 nonfunctioning main valves;
5. Replace 65 nonfunctioning curb stops;
6. Install five blow-off structures on dead-end mains;
7. Install 85 residential meters to improve conservation and charges based on usage; and
8. Install a back-up power source at pump house #2

The estimated cost of this project, per our Preliminary Engineering Report (PER), conducted by NCI Engineering, was \$284,800. Our Board believes this was the most affordable and cost effective option for our residents.

Another option recommended by the PER was annexation to the City of Kalispell. We believe that the ranking committee may have used this option without all the facts and ranked our grant request lower because of it. The problem with this option is annexation is probably years down the road if at all, and the City would require improvements to our system, at our expense before they would connect to it and assume its operation. This includes replacing mains less than 6 inches in diameter, 5 connections between the two systems, and fire hydrants. The PER estimated a cost \$594,800 for this option. Our Board felt the rates required if we choose this option would be too high for many of our fixed and low income individuals and family residents.

Collectively, obtaining the funding, final engineering, the bid process and construction can take a year or more to complete, so we are moving ahead with some of the recommended improvements and repairs that we believe are a high priority. Our Board felt it was important and necessary to start on this project this spring, so this March, we will again raise our rates to cover some of those costs. The added revenue will be used to build our reserve account (to achieve minimum thresholds required, by most funding agencies), to repair a few of our more critical main valves and to install a back-up generator to power our largest well during extended power outages.

It would be a great relief to the residents and Board of the Greenacres County Water & Sewer District if you would approve our grant request for this funding cycle. Providing good clean drinking water is a necessity of life.

Thank you.

GREENACRES CWSD
WATER SYSTEM IMPROVEMENTS - ALT #1 UPGRADE EXISTING SYSTEM WITHOUT FIRE PROTECTION
PRELIMINARY PROJECT BUDGET
3.75% SRF LOAN, TSEP AND DNRC GRANTS

Prepared by: Crystal Morgan, NCI Engineering Co.

April 13, 2008

ADMINISTRATIVE	SOURCE RRGL	SOURCE TSEP	SOURCE SRF	SOURCE Loc. Res.	SOURCE	TOTAL
FINANCIAL COSTS:						
Personnel Costs			\$200			\$200
Office Costs						\$0
Professional Services			\$4,000			\$4,000
Legal Costs						\$0
Audit Fees						\$0
Travel & Training						\$0
Loan Fees			\$513			\$513
Loan Reserves			\$1,000			\$1,000
Interim Interest						\$0
Bond Cost			\$5,000			\$5,000
TOTAL ADMIN/FIN. COSTS	\$0	\$0	\$10,713	\$0	\$0	\$10,713
						3.8%
ACTIVITY COSTS:						
Land Purchase & Easements						\$0
Preliminary Design	\$5,000					\$5,000
Final Engineering Design	\$10,000					\$10,000
Construction Inspection			\$23,566			\$23,566
Construction	\$85,000		\$129,257			\$214,257
Contingency			\$21,426			\$21,426
TOTAL ACTIVITY COSTS	\$100,000	\$0	\$174,249	\$0	\$0	\$274,249
						96.2%
TOTAL PROJECT COSTS	\$100,000	\$0	\$184,962	\$0	\$0	\$284,962
% Grant Funding	35.1%	Total Annual	\$42,311.00	Debt Service		20-year SRF loan
		Annual/EDU	\$259.58		// = 3.75%	// = 0.07196
		Monthly/EDU	\$21.63		\$184,962	163 Units
					\$13,310	12 months
					\$81.66	
TPC - RRGL - TSEP - =	\$184,962				\$6.80	Debt Svc.
					\$1.70	25% SRF Coverage
					\$8.51	Total Monthly Debt Service
						\$30.14 Minimum User Rate

WATER SYSTEM IMPROVEMENTS - ANNEXATION TO THE CITY OF KALISPELL

PRELIMINARY PROJECT BUDGET

3.75% SRF LOAN, TSEP AND DNRC GRANTS

Prepared by: Crystal Morgan, NCI Engineering Co.

April 13, 2008

ADMINISTRATIVE	SOURCE	SOURCE	SOURCE	SOURCE	SOURCE	TOTAL
FINANCIAL COSTS:	RRGL	TSEP	SRF	Loc. Res.		
Personnel Costs		\$1,000				\$1,000
Office Costs		\$1,000				\$1,000
Professional Services		\$20,000				\$20,000
Legal Costs		\$1,500				\$1,500
Audit Fees		\$3,500				\$3,500
Travel & Training		\$500				\$500
Loan Fees			\$3,900			\$3,900
Loan Reserves			\$19,400			\$19,400
Interim Interest		\$1,000				\$1,000
Bond Cost		\$15,000				\$15,000
TOTAL ADMIN/FIN. COSTS	\$0	\$43,500	\$23,300	\$0	\$0	\$66,800
						11.2%
ACTIVITY COSTS:						
Land Purchase & Easements						\$0
Preliminary Design	\$5,000	\$11,000				\$16,000
Final Engineering Design	\$10,000	\$16,000				\$26,000
Construction Inspection		\$36,000	\$5,000			\$41,000
Construction	\$85,000	\$122,000	\$197,000			\$404,000
Contingency			\$41,000			\$41,000
TOTAL ACTIVITY COSTS	\$100,000	\$185,000	\$243,000	\$0	\$0	\$528,000
						88.8%
TOTAL PROJECT COSTS	\$100,000	\$228,500	\$266,300	\$0	\$0	\$594,800
% Grant Funding	55.2%	Total Annual	\$61,814.00	Debt Service		20-year SRF loan
		Annual/EDU	\$378.00	\$266,300	$I = 3.75\%$	$I = 0.07196$
		Monthly/EDU	\$37.50	\$19,163		163 Units
				\$117.56		12 months
TPC - RRGL - TSEP -	\$266,300			\$9.80	Debt Svc.	
				\$2.45	28% SRF Coverage	
				\$12.25	Total Monthly Debt Service	
						\$43.75 Minimum User Rate